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## **DEPARTMENT OF COMMERCE**

### **Foreign-Trade Zones Board**

**[B-73-2019]**

#### **Foreign-Trade Zone (FTZ) 18 – San Jose, California; Notification of Proposed Production Activity; Tesla, Inc. (Electric Passenger Vehicles and Components), Fremont, Livermore, and Oakland, California**

Tesla, Inc. (Tesla) submitted a notification of proposed production activity to the FTZ Board for its facilities in Fremont, Livermore, and Oakland, California. The notification conforming to the requirements of the regulations of the FTZ Board (15 CFR 400.22) was received on November 26, 2019.

Tesla already has authority to produce electric passenger vehicles and related components within FTZ 18. The current request would add nine finished products and a foreign status material/component to the scope of authority. Pursuant to 15 CFR 400.14(b), additional FTZ authority would be limited to the specific foreign-status material/component and specific finished products described in the submitted notification (as described below) and subsequently authorized by the FTZ Board.

Production under FTZ procedures could exempt Tesla from customs duty payments on the foreign-status material/component used in export production (estimated at up to 50 percent of production). On its domestic sales, for the foreign-status materials/components noted below and in the existing scope of authority, Tesla would be able to choose the duty rates during customs entry procedures that apply to doors, front under body shotguns, vehicle body sides, automotive spoilers, hoods,

vehicle roof headers, lift gates, under bodies, and quarter panels (duty rate duty-free to 2.5%). Tesla would be able to avoid duty on the foreign-status component which becomes scrap/waste. Customs duties also could possibly be deferred or reduced on foreign-status production equipment.

The material/component sourced from abroad is aluminum coil (duty rate 3.0%). The request indicates that aluminum coil is subject to an antidumping/countervailing duty (AD/CVD) order if imported from the People's Republic of China. The FTZ Board's regulations (15 CFR 400.14(e)) require that merchandise subject to AD/CVD orders, or items which would be otherwise subject to suspension of liquidation under AD/CVD procedures if they entered U.S. customs territory, be admitted to the zone in privileged foreign status (19 CFR 146.41). The request also indicates that aluminum coil is subject to special duties under Section 232 of the Trade Expansion Act of 1962 (Section 232) and Section 301 of the Trade Act of 1974 (Section 301), depending on the country of origin. The applicable Section 232 and Section 301 decisions require subject merchandise to be admitted to FTZs in privileged foreign status.

Public comment is invited from interested parties. Submissions shall be addressed to the Board's Executive Secretary and sent to: [ftz@trade.gov](mailto:ftz@trade.gov). The closing period for their receipt is **[INSERT DATE 40 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

A copy of the notification will be available for public inspection in the "Reading Room" section of the Board's website, which is accessible via [www.trade.gov/ftz](http://www.trade.gov/ftz).

For further information, contact Juanita Chen at [juanita.chen@trade.gov](mailto:juanita.chen@trade.gov) or 202-482-1378.

Dated: December 2, 2019.

**Elizabeth Whiteman,**

*Acting Executive Secretary.*

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